

**SOUTHERN VIRGINIA HIGHER
EDUCATION CENTER**

**REPORT ON AUDIT
FOR THE TWO-YEAR PERIOD ENDED
JUNE 30, 2012**



AUDIT SUMMARY

Our audit of the Southern Virginia Higher Education Center for the two-year audit period ending June 30, 2012, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- no matters involving internal control and its operation necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

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AGENCY HIGHLIGHTS

The mission of Southern Virginia Higher Education Center is to advance Southern Virginia's economic potential through education, innovation, and collaboration. The Center is not a degree-granting institution, but provides vital educational access and workforce training to an under-served rural population through partnerships.

The Southern Virginia Higher Education Center offers access to more than 125 degree completion programs, from the General Educational Development (GED) to Ph.D. level, and workforce training programs that lead to industry-certified credentials. The Center offers these opportunities through degree-granting higher education partners including community colleges, public and private four year institutions, graduate and research universities, and international institutions. The majority of the Center's degree seeking students are enrolled in associate degree programs.

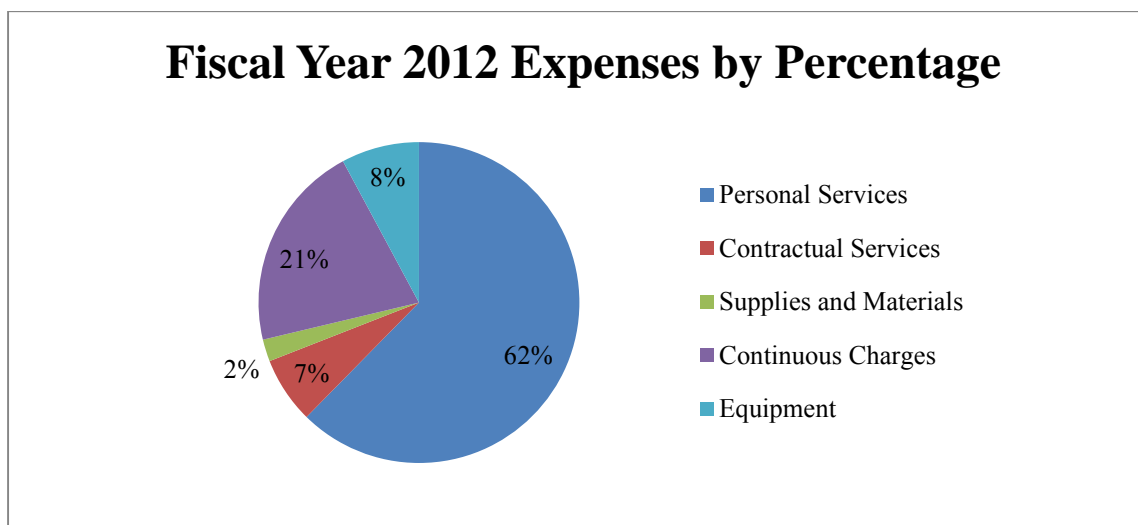
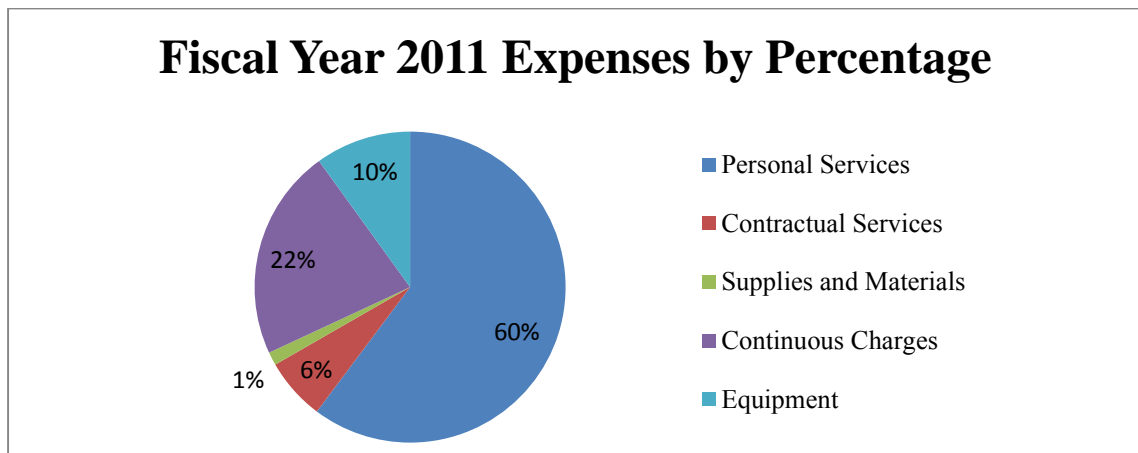
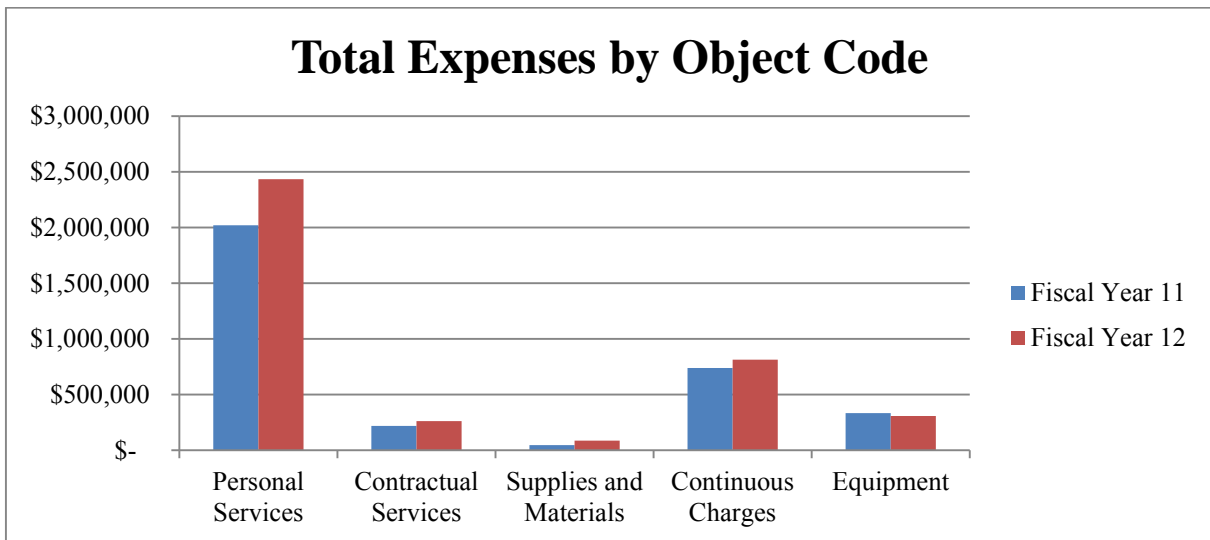
The Center's current college/university partners include:

- Averett University
- Commonwealth Graduate Engineering Program (CGEP)
- Danville Community College
- Galway-Mayo Institute of Technology (Ireland)
- James Madison University
- Longwood University
- Mary Baldwin College
- Old Dominion University
- Southside Virginia Community College
- Virginia Tech

The Center's overall goal is to increase the educational attainment of the region, focusing on the best opportunities for economic development. The targeted program areas are science, technology, engineering, math, and healthcare (STEM-H) including nursing, advanced manufacturing, 3-D modeling, and digital art and communications. The Center in partnership with their educational providers has developed and implemented strong programs in these disciplines starting at the dual enrollment level with the opportunity for students to progress beyond the associates level.

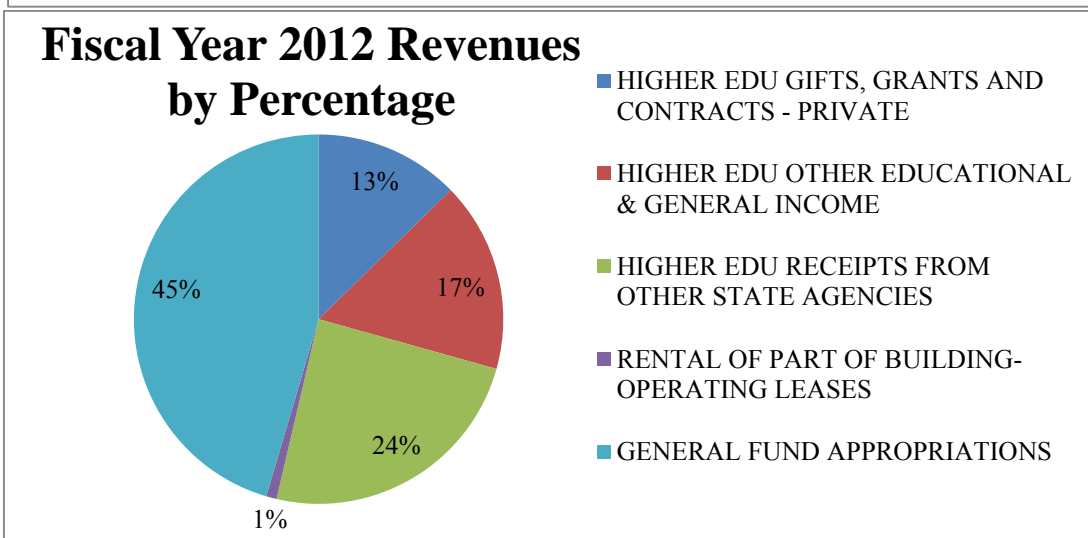
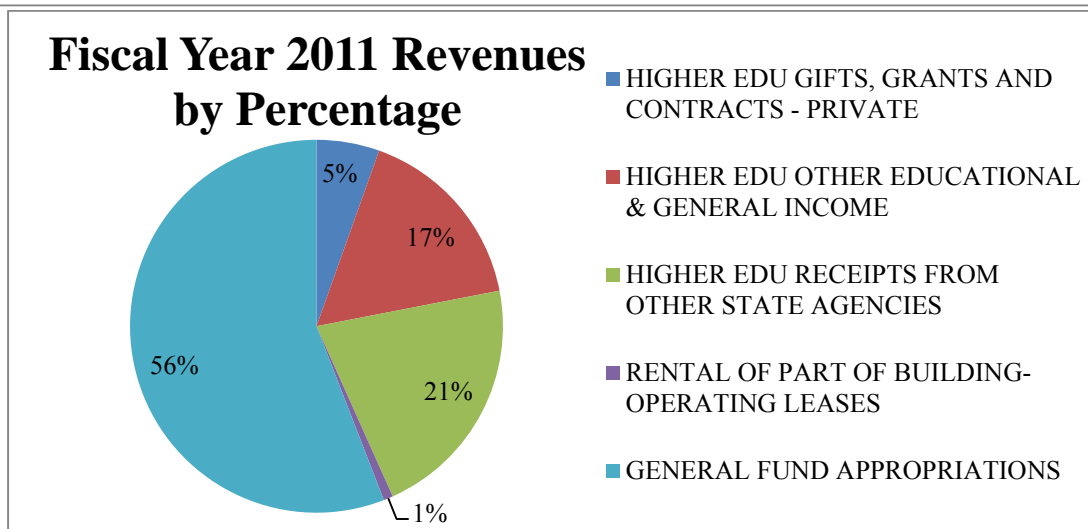
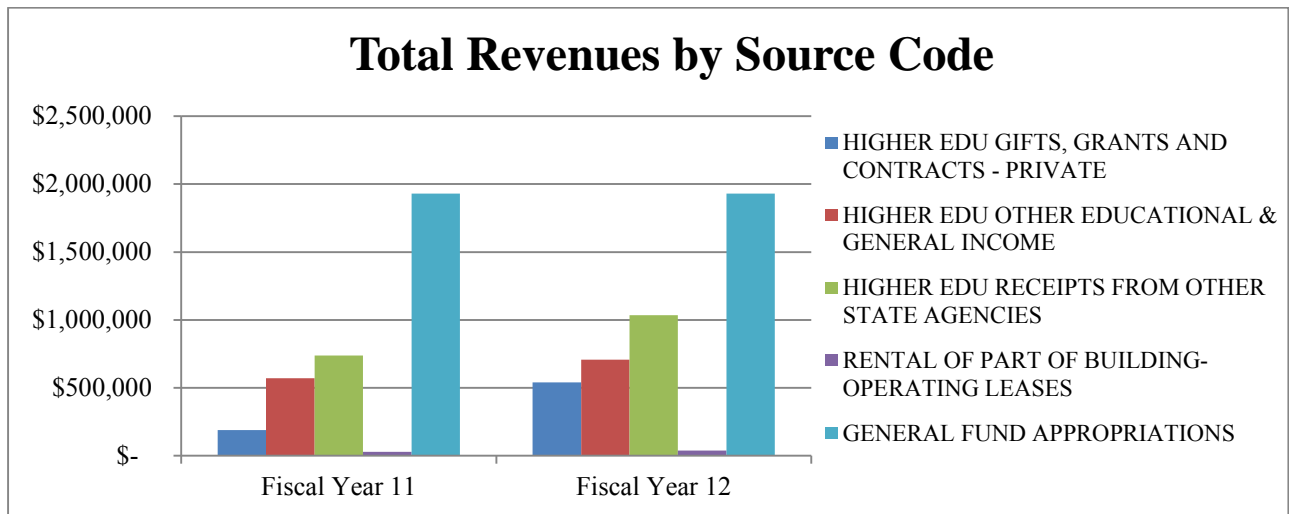
Expenses:

The following graphs show the breakdown of expenses by major object code as a percentage of total expenses and in total dollars for fiscal years 2011 and 2012.



Revenues:

The following graphs show the breakdown of revenues by revenue source in total dollar amounts and as a percentage of total revenue for fiscal years 2011 and 2012.





Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

May 2, 2013

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable John M. O'Bannon, III
Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of the **Southern Virginia Higher Education Center** for the two-year period ended June 30, 2012. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System, review the adequacy of the Center's internal controls, and test compliance with applicable laws, regulations, contracts, and grant agreements.

Audit Scope and Methodology

The Center's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

- Grant expenses
- General revenues and expenses
- Cash receipting
- Capital assets
- Information System Security

We performed audit tests to determine whether the Center's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of

applicable laws, regulations, contracts, and grant agreements. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of the Center's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Conclusions

We found that the Center properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Center records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted no matters involving internal control and its operation that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Exit Conference and Report Distribution

We discussed this report with management on May 13, 2013.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

EMS/alh

AGENCY OFFICIALS

SOUTHERN VIRGINIA HIGHER EDUCATION CENTER

BOARD OF TRUSTEES

As of June 30, 2012

Patricia Thomas
Chairman

Dr. Carlyle Ramsey
Vice Chairman

Tom Raab
Secretary

William A. Abbott
Dr. John Cavan
Peter Blake
John Cannon
William E. Coleman

The Honorable James Edmunds
Paul Krysiak
The Honorable Donald Merricks
Dr. Ken Perkins
Paul Stapleton

Nancy Talley

ADMINISTRATIVE OFFICERS

Dr. Betty Adams, Executive Director

Patty Nelson, Chief Finance and Operations Officer